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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2002 to 30 June 2003 and proposed budget for the period from 1 July 2004 to 30 June 2005 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2002/03	$43,652,700
Expenditure for 2002/03	$43,644,100
Appropriation for 2003/04	$43,798,800
Proposal submitted by the Secretary-General for 2004/05	$47,448,700
Recommendation of the Advisory Committee for 2004/05	$47,240,400

I. Introduction

1. **The recommendations of the Advisory Committee on Administrative and Budgetary Questions in paragraphs 21 (b) and (f) below would entail a reduction of $208,300 in the proposed budget for the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2004 to 30 June 2005 (see A/58/644). The Advisory Committee also makes a number of observations and recommendations with regard to the administration and management of the Force and opportunities for further savings.**

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2. **The Advisory Committee's general report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/58/759) contains its views and recommendations on a number of cross-cutting issues. Consequently, in the paragraphs below, the Committee deals with resources and other items that relate specifically to UNFICYP.**

3. UNFICYP was established by the Security Council in its resolution 186 (1964) of 4 March 1964. From its inception until 15 June 1993, the costs of the Force were met by the Governments providing contingents, the Government of Cyprus and voluntary contributions to UNFICYP. In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP have been made on a continuing basis by the Government of Cyprus, while the Government of Greece has been making annual contributions of $6.5 million.

4. The documents used by the Advisory Committee in its consideration of the financing of UNFICYP are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2002 to 30 June 2003

5. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 56/502 of 27 June 2002, appropriated to the Special Account for UNFICYP an amount of $45,632,400 for the period from 1 July 2002 to 30 June 2003, inclusive of $43,652,700 for the maintenance of the Force, $1,767,900 for the support account for peacekeeping operations and $211,800 for the United Nations Logistics Base at Brindisi, Italy. One third of the appropriation, equivalent to $14,578,900, was funded through voluntary contributions from the Government of Cyprus and the amount of $6.5 million was funded by the Government of Greece. Expenditures for the period totalled $43,644,100 gross ($41,922,400 net). The resulting unencumbered balance of $8,600 represents, in gross terms, 0.02 per cent of the appropriation of $43.7 million.

6. Key resource variances include savings for rotation travel of military and civilian police personnel as the result of the combined rotation travel of two contingents and the negotiation of more favourable rates for emplacement travel with commercial carriers, offset by additional requirements for international staff owing to an increase during the reporting period in the post adjustment multiplier from 0 to 19.1 and for national staff as the result of the introduction of a revised national salary scale as of 1 February 2002. Currency rate fluctuations also resulted in increased requirements under national staff and facilities and infrastructure.

7. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period 1 July 2004 to 30 June 2005 in section IV below.

III. Information on performance for the current period

8. The Advisory Committee was informed that, as at 29 February 2004, a total of $216,492,200 had been assessed on Member States in respect of UNFICYP since 16 June 1993. Payments received as at 29 February 2004 amounted to $195,571,000, leaving an outstanding balance of $20,921,200. As at 29 February 2004, the cash position of the Force was $19.3 million and unliquidated obligations for the period from 1 July 2002 to 30 June 2003 amounted to $1,053,350.

9. Troop cost reimbursement from 16 June 1993 to 31 January 2003 totalled $146,488,200, while the amount owed for the period from 1 February 2003 to 29 February 2004 was $18,058,300. With regard to contingent-owned equipment, the Committee was informed that, as at 29 February 2004, an amount of $6,605,800 had been reimbursed and the estimated amount owed was $2,253,000, while unliquidated obligations for the period up to 30 June 2004 totalled $717,500. In respect of death and disability compensation, $1,237,000 had been paid as at 29 February 2004 for 23 claims, no claims were pending and unliquidated obligations amounted to $320,000.

10. The Advisory Committee notes that troop costs have not been reimbursed since January 2003. The Committee was informed, however, that owing to an improvement in the cash situation of the mission, payments would be made on 7 April 2004 in the amounts of $15.3 million for troop costs for the period from February to December 2003 and $1.6 million for contingent-owned equipment.

11. As at 29 February 2004, the incumbency for UNFICYP for the period from 1 July 2003 to 30 June 2004 was as follows:

	Posts authorized[a]	*Posts encumbered*	*Vacancy/delayed deployment rate (percentage)*
Military contingents	1,230	1,219	0.9
Civilian police	69	47	31.9
International staff	45	41	8.9
National staff	105	101	3.8

[a] Represents the highest authorized strength for the period.

12. The Advisory Committee was provided with expenditure data for the period from 1 July 2003 to 30 June 2004 as at 29 February 2004 (see annex I). Expenditure for the period amounted to $37,054,500 gross ($35,822,400 net) against an apportionment of $43,798,800 gross ($42,096,500 net).

13. In a letter dated 19 August 2003 addressed to the Chairman of the Advisory Committee by the Controller (see annex II), the Committee was informed that additional requirements of $783,100 would arise from the decision of the Security Council in its resolution 1486 (2003) of 11 June 2003 to increase the UNFICYP civilian police component by no more than 34 officers. At that time, it was also expected that expenditures related to the increase of the civilian police component would be accommodated from within the existing appropriation for UNFICYP.

14. However, the Advisory Committee was subsequently told that, on the basis of a review and analysis of requirements for the 2003/04 period conducted by UNFICYP, an overexpenditure of approximately $1.6 million was projected for the Force for the period owing to additional requirements relating to the increase of the civilian police component in accordance with Security Council resolution 1486 (2003); the increase in the post adjustment multiplier for international staff to 25.8 in July, 27.6 in August and 31.4 in November 2003; and foreign exchange fluctuations. Upon request, the Committee was provided with a breakdown of the $1.6 million (see annex I). The Committee was informed that the projected overexpenditure would be reported in the budget performance report for UNFICYP for the 2003/04 period, at which time additional appropriation would be sought from the General Assembly.

IV. Proposed budget for the period from 1 July 2004 to 30 June 2005

15. The representatives of the Secretary-General briefed the Advisory Committee on negotiations between the Greek Cypriot and Turkish Cypriot parties, which had resumed on 19 February 2003 under the auspices of the mission of good offices of the Secretary-General. The mission is aimed at reaching a comprehensive settlement in Cyprus by 1 May 2004 and facilitating the reunited country's entry into the European Union. However, the Committee understands that for purposes of preparation of the proposed budget for the 2004/05 period, it was assumed that UNFICYP would be required to continue under its present mandate and functions. Needless to say, a successful conclusion of the negotiations through a settlement would necessitate a reassessment of the mission and United Nations activities based on the terms of the agreement, including a thorough review of budgetary issues. Should there be a need for revised estimates, the Committee would revert to the matter in that context.

16. Upon request for details concerning the extent of cooperation between UNFICYP and the good offices of the Secretary-General, the Advisory Committee was informed that UNFICYP provides administrative, technical and logistical support to the good offices in a number of areas. Certifying and approving officers of UNFICYP act as certifying and approving officers for the good offices. In the area of public information, the UNFICYP Spokesperson provides media support and briefs the press on the activities of the good offices and the progress of the peace talks. UNFICYP military and civilian police components provide security arrangements for the peace talks, which take place in the United Nations Protected Area. In addition, the Chief of Mission, the Senior Adviser and the Chief Civil Affairs Officer provide assistance on substantive issues.

A. Mandate and planned results

17. **The Advisory Committee commends UNFICYP for the improvements it has made to its results-based budgeting format and encourages further improvement.** The Committee observes, for example, that the overall objective for the mission is described differently in the performance report for the 2002/03 period than it is in the proposed budget for the 2004/05 period. The performance report

contains the more mission-specific objective "to help the Security Council achieve an overall objective, namely, to ensure peace and security in Cyprus and the return to normal conditions" (A/58/631, para. 4), whereas the objective in the proposed budget reads "to help the Security Council achieve an overall objective, namely to maintain international peace and security" (A/58/644, para. 2). **The Committee urges the Secretariat to strive to formulate more mission-specific overall objectives where possible.** The Committee has commented on results-based budgeting concerns in its general report on peacekeeping operations (see A/58/759).

B. Resource requirements

1. Military and police personnel

Category	*Approved 2003/04*[a]	*Proposed 2004/05*
Military contingents	1,230	1,230
Civilian police	69[a]	69

[a] Represents the highest level of authorized strength for the period. By its resolution 1486 (2003), the Security Council authorized an increase in the civilian police component of UNFICYP (at that time 35 officers) by no more than 34 officers.

18. An increase of $564,500, or 2.5 per cent, in comparison with the apportionment for the current period is proposed under military and police personnel for the 2004/05 period. The variance is attributable mainly to increased requirements for reimbursement of a troop contributor for equipment deployed to UNFICYP since June 2001, for which a memorandum of understanding was signed in October 2003, and to the increase of the authorized civilian police component from 35 to 69. Estimates for civilian police take into account a 10 per cent delayed deployment factor for mission subsistence and clothing allowances, as well as travel costs.

2. Civilian personnel

Category	*Approved 2003/04*	*Proposed 2004/05*
International staff	45	48
National staff	105	110

19. An increase of $2,411,800, or 25 per cent, in comparison with the apportionment for the current period is proposed under civilian personnel for the 2004/05 period. The variance is attributable mainly to additional provisions for salaries, common staff costs and staff assessment in connection with the proposed establishment of four new international posts (1 P-3 and 3 P-2) and five new national posts (4 interpreters and 1 information technology assistant), as well as the upgrading of the post of Chief Administrative Officer from the P-5 to the D-1 level. Estimates for the 2004/05 period are based on a 4 per cent vacancy rate for international staff and a 1 per cent vacancy rate for national staff.

Recommendations on posts

20. The Advisory Committee notes that some of the staffing changes proposed represent resubmissions of requests made in the 2003/04 period. A number of factors made the consideration of post requests for the 2004/05 period difficult. As part of the results-based presentation, for example, the staffing of an office may appear under different components, making it hard to know how many staff the office comprises in total and how many new posts are requested for the office. For example, staffing of the Civil Affairs Branch appears under both the substantive civilian and the civilian police components, in different parts of the document. This is rendered even more confusing by the very sketchy organizational chart shown in the annex to the proposed budget. Upon request, the Committee was provided with a more detailed organizational chart (see annex III). **While the Committee does not question the results-based logic behind this presentation, it is of the opinion that an overview of the organizational structure of the mission, including the requests for new posts, is necessary. It therefore requests that, in future, the proposed budgets for all the peacekeeping missions include an organizational chart such as the one for UNFICYP provided to the Committee upon request (ibid.).**

21. The proposed staffing structure of UNFICYP provides for the following changes:

(a) *One P-2 Associate Public Information Officer, Office of the Spokesperson (see A/58/644, table 2).* This post is requested to assist in handling the surge in media interest resulting from the progress in the settlement negotiations and the opening of new crossing points. The request for this post is a resubmission of a request which was made for the current period, but with very different justifications. The Advisory Committee did not recommend approval of the post in the 2003/04 period. **Nevertheless, owing to the increase in public information activities arising from recent developments, the Committee now recommends approval of the post;**

(b) *Two P-2 Civil Affairs Officers, Civil Affairs Branch (ibid., table 4).* These two new posts are requested in relation to the opening of new crossing points. The incumbents would provide assistance to civilian police officers in ensuring the orderly and safe passage of people and vehicles at authorized crossing points, as well as the delivery of humanitarian assistance. **In the opinion of the Advisory Committee, the need for these posts has not been adequately demonstrated, especially in view of the request for four additional national staff, also in relation to the new crossing points. These functions should therefore be carried out from within existing resources, including national staff;**

(c) *Four national staff (General Service) posts, interpreters, Civil Affairs Branch (ibid.).* As indicated in the proposed budget, these posts are requested in relation to the opening of new crossing points, as well as the increase in the authorized strength of the civilian police component. Incumbents would provide translation and interpretation services to substantive and civilian police components in interventions with the public, communications with official interlocutors and in court proceedings. **The Advisory Committee recommends approval of the four posts;**

(d) *Reclassification of the post of Chief Administrative Officer from P-5 to D-1, Division of Administration (ibid., table 5).* This reclassification is a resubmission of a request made in the proposed budget for the 2003/04 period, which the Advisory Committee did not recommend for approval. In connection with the proposed budget for the 2004/05 period, however, the Committee was provided with a more detailed justification for the reclassification. It is requested, as indicated in the proposed budget, in view of the increased scope of responsibilities of the Chief Administrative Officer resulting from the expanded delegation of authority in financial management and the increase in the civilian police component and civilian personnel as a result of the opening of the crossing points. Upon enquiry, the Committee was informed that, with regard to the delegation of financial authority, the Chief Administrative Officer now had responsibility for the prioritization of resource distribution; the determination, in consultation with the Department of Peacekeeping Operations, of the allocation of approved resources among field and headquarters cost centres; the allocation of resources between field cost centres; and the redeployment of funds between expenditure classes (the authorized strength of military and police personnel and the staffing table, however, cannot be exceeded). In the area of procurement, the Chief Administrative Officer exercises authority to approve the award of contracts up to $200,000 and write-off of mission property up to $25,000. In addition, in this mission, there is a large amount of local procurement and outsourcing for which the Chief Administrative Officer is responsible. **The Advisory Committee recommends approval of the reclassification;**

(e) *One Field Security Officer (P-3), Division of Administration (ibid.).* As indicated in the proposed budget, the establishment of this post is proposed in accordance with the current security standard operating procedures for peacekeeping operations established by the United Nations Security Coordinator and the Department of Peacekeeping Operations. The establishment of the post is to be offset by the abolition of one post at the Security Service level. The Advisory Committee recalls that a Security Service post had been requested in the 2003/04 period and was approved by the General Assembly. However, in accordance with current security standard operating procedures, the request should have been for an international post. The current request is therefore merely intended to regularize the situation. **The Advisory Committee recommends approval of the post;**

(f) *One national staff (General Service) post, information technology assistant (ibid.).* The establishment of an additional information technology assistant post is requested to support the operation and maintenance of UNFICYP information technology systems. **The Advisory Committee notes from the detailed organizational chart provided to it (see annex III) that the staffing of the Electronic Support Services already includes 15 national staff. In the opinion of the Committee, this should be sufficient and additional technical functions, if any, should be absorbed from within existing capacity. The Committee recommends against the establishment of this post.**

22. The Advisory Committee exchanged views with the representatives of the Secretary-General on the conversion of the contractual status of staff in peacekeeping missions from the 300 series to the 100 series of the Staff Rules. As regards UNFICYP, the Committee was informed that cost implications for the conversion of the contractual status of staff members from the 300 series to the 100 series of the Staff Rules in the 2004/05 period were not included in the budget

estimates for 2004/05 for the mission. The comments of the Committee on this issue are contained in its general report on peacekeeping operations (A/58/759).

3. Operational costs

Apportioned 2003/04	*Proposed 2004/05*
$11,145,000	$,818,600

23. The estimated operational requirements for the period from 1 July 2004 to 30 June 2005 represent an increase of $673,600, or 6 per cent, as compared with the apportionment for the current period.

Official travel and training

24. The estimate for official travel for the 2004/05 period, as shown in section II.I of the proposed budget, amounts to $233,900, a decrease of $32,600 in comparison to the amount of $266,500 apportioned for the 2003/04 period. The main reason for the decrease, as stated in paragraph 13 of the proposed budget, is lower requirements for training-related travel attributable to the implementation of "train-the-trainer" programmes.

25. The Advisory Committee notes from the supplementary information provided to it that during the 2004/05 financial period, 38 staff are to be trained at an estimated total cost of $84,620, including $60,480 for training-related travel. In the proposed budget for the 2003/04 period (A/57/687 and Corr.1) the estimate was for 116 staff to be trained at a cost of $161,700, including travel costs of $80,500. **The Committee commends the mission for the efforts it has made to use training resources more efficiently and encourages it to continue to monitor this item carefully.**

Inventory management

26. The Advisory Committee notes from the additional information provided to it that the process of writing off equipment is slow in the mission. For example, 120 monitors and 111 computers at a total value of $151,541 were pending write-off as of 30 June 2003. **Priority action should be taken to improve inventory management in the mission.**

V. Conclusions of the Advisory Committee

27. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2002 to 30 June 2003 is indicated in paragraph 14 of the performance report (A/58/631). **The Advisory Committee recommends that the unencumbered balance of $8,600, as well as other income/adjustments in the amount of $1,925,000, be credited to Member States in a manner to be determined by the Assembly.**

28. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 21 of the proposed budget (A/58/644). **Taking into account its**

recommendations in paragraphs 21 (b) and (f) above, the Advisory Committee recommends that the estimated budget requirements of $47,448,700 be reduced by $208,300. Accordingly, the Committee recommends that the General Assembly appropriate an amount of $47,240,400 gross ($44,916,600 net) for the maintenance of UNFICYP for the 12-month period from 1 July 2004 to 30 June 2005, including $21,472,200 net to be funded through voluntary contributions from the Government of Cyprus ($14,972,200) and the Government of Greece ($6.5 million).

Documentation

- Report of the Secretary-General: performance report on the budget of UNFICYP for the period from 1 July 2002 to 30 June 2003 (A/58/631)
- Report of the Secretary-General on the proposed budget for UNFICYP for the period from 1 July 2004 to 30 June 2005 (A/58/644 and Corr.1)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance of UNFICYP (A/57/772/Add.4 and Corr.1)
- General Assembly resolution 57/332 on the financing of UNFICYP
- Progress report of the Secretary-General on the United Nations operation in Cyprus (S/2003/1078)
- Security Council resolutions 186 (1964), 1486 (2003) and 1517 (2003)

Annex I

Breakdown of additional requirements for the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2003 to 30 June 2004

As at 29 February 2004

(Thousands of United States dollars)

Category	*Apportionment* (1)	*Actual expenditures as at 29 February 2004* (2)	*Projected expenditures to 30 June 2004* (3)	*Variance* (4)=(3)-(1)
Military and police personnel				
Military observers	—	—	—	—
Military contingents	22 769.6	21 884.9	22 769.6	—
Civilian police	239.3	241.7	278.8	39.5
Formed police units	—	—	—	—
Subtotal	**23 008.9**	**22 126.6**	**23 048.4**	**39.5**
Civilian personnel				
International staff	5 481.5	3 461.0	6 546.7	1 065.2
National staff	4 163.4	2 612.6	4 596.4	433.0
United Nations Volunteers	—	—	—	—
Subtotal	**9 644.9**	**6 073.6**	**11 143.1**	**1 498.2**
Operational costs				
General temporary assistance	50.0	30.5	50.0	—
Government-provided personnel	—	—	—	—
Civilian electoral observers	—	—	—	—
Consultants	—	—	—	—
Official travel	266.5	78.2	166.5	(100.0)
Facilities and infrastructure	5 004.2	4 144.7	5 270.9	266.7
Ground transportation	1 745.0	1 774.8	1 973.1	228.1
Air transportation	1 400.4	1 402.0	1 439.5	39.1
Naval transportation	—	—	—	—
Communications	889.5	477.6	788.0	(101.5)
Information technology	779.7	462.4	646.6	(133.1)
Medical	207.0	177.8	207.0	—
Special equipment	306.0	—	205.0	(101.0)
Other supplies, services and equipment	496.7	306.3	463.7	(33.0)
Quick-impact projects	—	—	—	—
Subtotal	**11 145.0**	**8 854.3**	**11 210.3**	**65.3**
Gross requirements	**43 798.8**	**37 054.5**	**45 401.8**	**1 603.0**
Staff assessment income	1 702.3	1 232.1	1 908.2	(205.9)
Net requirements	**42 096.5**	**35 822.4**	**43 493.6**	**1 808.9**
Voluntary contributions in kind (budgeted)	1 318.3	—	1 318.3	—
Total requirements	**45 117.1**	**37 054.5**	**46 720.1**	**1 603.0**

Annex II

Letter dated 19 August 2003 from the Controller addressed to the Chairman of the Advisory Committee on Administrative and Budgetary Questions

The Security Council, by its resolution 1486 (2003) of 11 June 2003, endorsed the increase of the civilian police component of the United Nations Peacekeeping Force in Cyprus (UNFICYP) by no more than 34 officers in order to meet the increased workload resulting from the partial ea ing of restrictions on island-wide freedom of movement.

Additional resource requirements arising from the decision of the Security Council are estimated at $783,100 and would cover the phased deployment of 34 civilian police officers and 7 civilian staff (3 international and 4 national), the rental of vehicles and the acquisition of accommodation, communications, information technology and miscellaneous equipment and services.

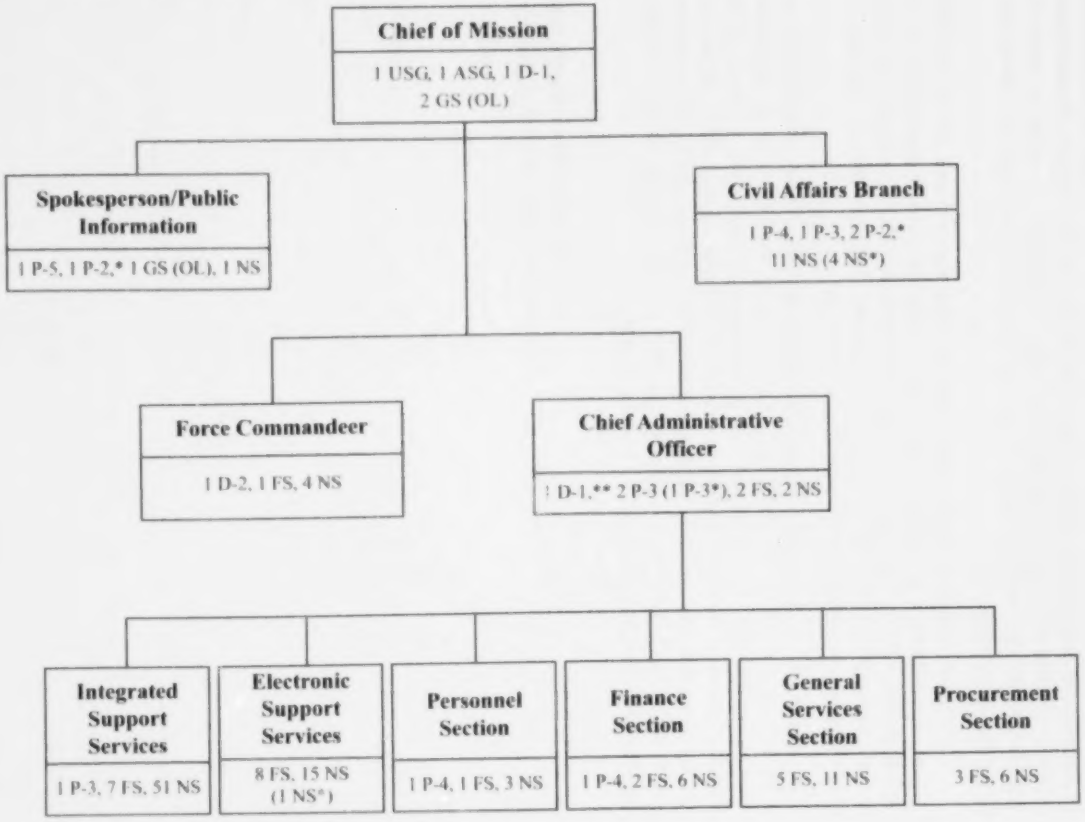
In view of the marginal additional requirements ($783,100) compared to the appropriation for UNFICYP provided by the General Assembly in its resolution 57/332 ($43,798,800), it is expected that expenditures related to the increase of the UNFICYP civilian police component would be accommodated from within the existing appropriation. Should additional funding be required, additional resources would be sought from the Assembly in the context of the Force's budget performance report for the 2003/04 financial period.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

Annex III

Organization chart of the United Nations Peacekeeping Force in Cyprus

Budget period 2004/05


Chief of Mission
1 USG, 1 ASG, 1 D-1, 2 GS (OL)
Spokesperson/Public Information
1 P-5, 1 P-2,* 1 GS (OL), 1 NS
Civil Affairs Branch
1 P-4, 1 P-3, 2 P-2,* 11 NS (4 NS*)
Force Commandeer
1 D-2, 1 FS, 4 NS
Chief Administrative Officer
1 D-1,** 2 P-3 (1 P-3*), 2 FS, 2 NS
Integrated Support Services
1 P-3, 7 FS, 51 NS
Electronic Support Services
8 FS, 15 NS (1 NS*)
Personnel Section
1 P-4, 1 FS, 3 NS
Finance Section
1 P-4, 2 FS, 6 NS
General Services Section
5 FS, 11 NS
Procurement Section
3 FS, 6 NS

* New post.
** Upgrade.
FS = Field Service.
GS (OL) = General Service (Other level).
NS = National staff.